

SIGMA4 TRADING RULES

Sigma4 is a share trading strategy that returns consistent profits. It relies on a series of simple but critical rules that must be followed. The system only provides data to trade shares listed on the Australian Stock Exchange (ASX). Sigma4 data is only available on the subreddit r/Sigma4.

1. Sigma4 only provides ranked data for shares listed on the ASX.

Sigma4 combines technical and fundamental analysis. There are 4 triggers that must be fulfilled before scores are provided for stocks.

2. Some weeks no shares might meet the criteria.

If no shares meet the criteria, the post will reflect this.

3. The top 5 weekly tickers will be listed with their scores.

The weekly scored tickers will be available before the market opening every Monday.

4. Shares will only be traded long.

Not all stocks can be shorted. Shorting also holds greater risk as invariably the trend reversal happens quicker than most traders can manage.

5. No exits will be highlighted.

It is the responsibility of the individual to manage open positions according to the rules.

6. Set your charts to candlesticks with Multiple Moving Averages (MMA's).

(EMA's: 3, 5, 8, 10, 12, 15 & 30, 35, 40, 45, 50, 60).

7. Determine your entry stop loss first when preparing to open a position.

The entry stop loss is determined using the 15EMA on a daily chart under the previous day's candlestick.

8. Use 1% risk for position sizing.

For example: A stock is currently trading at \$0.385
The entry stop loss (15EMA) is \$0.353
1% of the portfolio is \$250.00

Position Size: $0.385 - 0.353 = 0.032$
 $250.00 / 0.032 = 7812$

You can buy 7821 shares at \$0.385

9. Use a trailing stop loss.

Make daily adjustments as necessary using the daily 30EMA as your price.

10. Aim to compound 20% returns.

Set a profit target of 20% before you open the trade. When the trade reaches the target profit point examine the MMA's. If the 3EMA crosses below the 30EMA, exit.

11. Let strong positions run.

Referring to the MMA's, if your stop hasn't been hit and the stock shows a strong weekly uptrend, hold the open position.

**Most importantly, record all your trades in a spreadsheet and update it daily.
Use the daily results to create an equity curve for an overview of your trading.**

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